

***CITY OF SCHENECTADY
INDUSTRIAL DEVELOPMENT AGENCY***

***FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION***

DECEMBER 31, 2020

CITY OF SCHENECTADY
INDUSTRIAL DEVELOPMENT AGENCY
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
City of Schenectady
Industrial Development Agency
Schenectady, New York

We have audited the accompanying financial statements of the City of Schenectady Industrial Development Agency (the "Agency"), which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2020, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

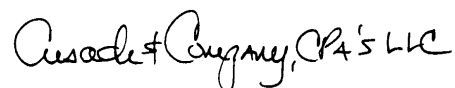
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Agency's basic financial statements. The accompanying supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accounting supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on page 9 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021 on our consideration of the entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 19, 2021

CITY OF SCHENECTADY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2020

Assets

Current Assets:	
Cash	\$ 320,093
Prepaid Expenses	<u>247</u>
Total Current Assets	320,340
Land	7,956
Notes Receivable	<u>220,000</u>
	<u>\$ 548,296</u>

Liabilities and Net Position

Current Liabilities:	
Deferred Revenue	\$ 12,094
Net Position	
Unrestricted	<u>536,202</u>
	<u>\$ 548,296</u>

CITY OF SCHENECTADY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Revenues:		
Administrative Fees	\$	26,000
Other Income		<u>3,920</u>
Total Revenues		<u>29,920</u>
Expenses:		
Project Expenses		8,400
Professional Fees		9,150
Management Fees		6,000
Other		<u>30,862</u>
Total Expenses		<u>54,412</u>
Change in Net Position		(24,492)
Net Position, Beginning of Year		<u>560,694</u>
Net Position, End of Year	\$	<u>536,202</u>

CITY OF SCHENECTADY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows Provided by (Used in) Operating Activities:	
Receipts from Customers	\$ 27,500
Payments for Project Expenses	(8,400)
Payments to Vendors	<u>(48,433)</u>
Cash Used in Operating Activities	(29,333)
Cash Flows Provided by Investing Activities:	
Payment on Loan Receivable	<u>4,000</u>
Decrease in Cash	(25,333)
Cash, Beginning of Year	<u>345,426</u>
Cash, End of Year	<u><u>\$ 320,093</u></u>
Reconciliation of Change in Net Position to Net Cash Used in Operating Activities:	
Change in Net Position	\$ (24,492)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:	
Change in Operating Assets and Liabilities	
Prepaid Expenses	(21)
Accounts Payable	(2,400)
Deferred Revenue	<u>(2,420)</u>
Cash Used in Operating Activities	<u><u>\$ (29,333)</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The City of Schenectady Industrial Development Agency (the “Agency”) was created during 1977 by the City Council of the City of Schenectady (the “City”), under the provisions of Chapter 783, Section 856.1-a of General Municipal Laws of New York State for the purpose of encouraging economic growth in the City. The Agency, although established by the City Council of the City, is a separate entity and operates independently of the City.

The Agency’s function is to authorize the issuance of industrial revenue bonds for industrial development projects and to assist businesses in acquiring or constructing various facilities in order to provide job opportunities and increase economic welfare. In return for its efforts, the Agency receives application and closing fees related to this business financing.

A summary of the significant accounting policies applied in the accompanying financial statements follows.

Accounting Method

The Agency’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for public authorities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of the Agency are included in the statement of net position.

Estimates

In preparing financial statements in accordance with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Agency's investment policy and statutes authorize the Agency to maintain deposits with FDIC-insured commercial banks located within the state. The Agency is authorized to use demand accounts, money market accounts and certificates of deposit. Collateral is required for all deposits not covered by federal deposit insurance. As of December 31, 2020, all of the Agency's deposits were fully insured or collateralized.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Capital assets are reported at the lower of cost or expected realizable value. All capital assets held by the Agency are nondepreciable assets comprised of land. Expenditures for acquisitions, renewals and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Agency uses a capitalization threshold of \$1,000 to analyze expenditures for capitalization. When capital assets are retired or disposed of, the appropriate accounts are relieved of costs and any resultant gain or loss is credited to operations.

The Agency evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude, and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2020.

Industrial Development Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by these payments. The bonds and notes are not obligations of the Agency, the City, or New York State. The Agency does not record the assets or liabilities resulting from completed bonds and notes issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of the bonds and notes. Industrial development revenue bonds issued and outstanding at December 31, 2020 were \$4,140,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Agency is exempt from federal, state and local income taxes.

Subsequent Events

In preparing the financial statements and notes thereto, the Agency considered subsequent events or transactions as to any potential material impact on operations or financial position occurring through February 19, 2021, the date the financial statements were available to be issued. No such events or transactions were identified.

2. LAND

The Agency has been developing and renovating various areas to promote future economic growth and to revitalize the City. Land consists of property at 451 Duane Avenue with a cost of \$7,956.

3. NOTES RECEIVABLE

During 2013, the Agency made a \$200,000 thirty year loan bearing interest at 1% to the Development of Broadway, LLC. Interest and principal are due in full in June 1, 2043.

During 2016, the Agency sold land for \$40,000 payable in interest free annual installments of \$4,000. The balance due on the note at December 31, 2020 was \$20,000.

4. ADMINISTRATIVE SERVICE AGREEMENT

Effective in 2012, the Agency entered into an administrative service agreement with the Schenectady Metroplex Development Authority (the "Authority"), an unrelated party. In accordance with the agreement, the Authority provides general administrative functions and other requested services for the Agency at 30% of the administrative fees collected at closing of projects. The management fee was \$6,000 for the year ended December 31, 2020.

5. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future financial position and results of operations is not presently determinable.

SUPPLEMENTARY INFORMATION

CITY OF SCHENECTADY
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Project Description</u>	<u>Original Issue Date</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2020</u>	<u>Issued During 2020</u>	<u>Principal Payments 2020</u>	<u>Outstanding December 31, 2020</u>	<u>Final Maturity Date</u>
Union Graduate College	01/08	2.30%	<u>\$ 4,310,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 4,140,000</u>	09/37